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3/12/92 Language NEA's Liboy Ward:Prepared for DAS Schaeffer's Hearing Today before Cong. Hamilton's

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Tran with t	-ne development of mucleaby weapons:

- A. We have long had concerns about Iran's nuclear intentions. As a result, the US engages in no nuclear cooperation with Iran and we have urged other nuclear suppliers, including China, to adopt a similar policy.
- O U/S Bartholomew delivered this message to Chinese Vice Foreign Minister Liu Huaqiu while in Beijing in June 1991. Secretary Baker conveyed this message during his visit to Beijing last November, and, just this week, Under Secretary Kanter stressed our concerns to visiting PRC Vice Foreign Minister Liu Huaqiu.
- o We have been aware for some time that China engages in nuclear cooperation with Iran. We cannot comment publicly on this cooperation, as any detailed discussion of it would require the use of intelligence information.
 - -- China has announced that it has transferred to Iran an electromagnetic separator for isotope production and a small nuclear research reactor.
 - -- China's nuclear assistance projects in Iran have credible civilian applications, but could over time provide Iran with the experience needed to support weapons development.
- o We note that an IAEA team, during its recent visit to Iran, inspected some Chinese-origin equipment and facilities and determined that they were being used for peaceful purposes. The IAEA Team's findings do not, however, allay our long-term concerns regarding Iran's nuclear intentions.
- o PRC nuclear assistance to Iran does not necessarily violate China's NPT obligations. Given concerns about Tehran's ambitions, however, we will continue to remind China that engaging in any form of nuclear cooperation with Iran whether under safeguards or not is, in our view, highly imprudent.
- o We will also remind them that any form of nuclear cooperation with Iran, including cooperation that is appropriate for a legitimate, peaceful nuclear program, would likely be perceived as contributing to a nuclear weapons capability. This perception would hinder our efforts to promote nuclear nonproliferation in this volatile region.